

Legal & General Japan Index Trust

**Interim Manager's
Short Report
for the period ended
24 April 2019**



Investment Objective and Policy

The objective of the Trust is to track the capital performance of the Japanese equity market as represented by the FTSE Japan Index by investment in a representative sample of stocks selected from all economic sectors.

Securities in the FTSE Japan Index will be held with weightings generally proportionate to their company's market capitalisation.

From time to time non-Index constituents may be held as a result of a corporate action and these holdings will be sold or transferred as soon as reasonably practical.

The Trust may hold derivatives for the purpose of Efficient Portfolio Management.

Risk Profile

Market Risk

Market risk arises mainly from uncertainty about future prices. It represents the potential loss the Trust may suffer through holding market positions in the face of market movements. The Manager adheres to the investment guidelines and in this way, monitors and controls the exposure to risk from any type of security, sector or issuer.

Currency Risk

This Trust is invested in overseas financial securities. The performance of the Trust may therefore be affected by changes in exchange rates. This risk may be managed by the use of forward currency contracts, which aim to manage the effect of changing exchange rates.

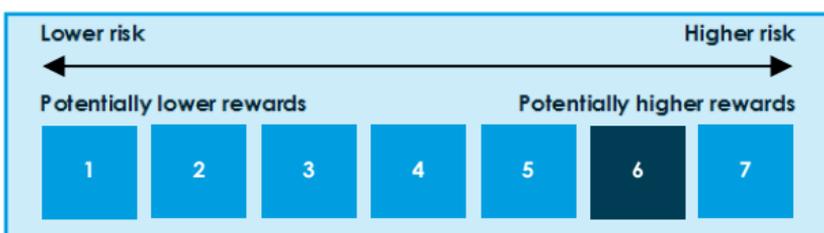
Trust Facts

Period End Date for Distribution:		24 Oct
Distribution Date:		24 Dec
Ongoing Charges Figures:	24 Apr 19	24 Oct 18
R-Class	0.53%	0.71%
F-Class	0.37%	0.37%
I-Class	0.15%	0.15%
C-Class	0.10%	0.10%

The Ongoing Charges Figure (OCF) is the ratio of the Trust's total disclosable costs (excluding overdraft interest) to the average net assets of the Trust.

The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a trust and is calculated based on the last period's figures.

Risk and Reward Profile



- The Risk and Reward Indicator table demonstrates where the Trust ranks in terms of its potential risk and reward. The higher the rank the greater the potential reward but the greater the risk of losing money. It is not guaranteed to remain the same and may change over time. It is based on historical data and may not be a reliable indication of the future risk profile of the Trust. The shaded area in the table above shows the Trust's ranking on the Risk and Reward Indicator.
- The Trust is in category six because it invests in company shares which are sensitive to variations in the stock market. The value of company shares can change substantially over short periods of time. Company shares are generally considered to be higher risk investments than bonds or cash.
- Even a trust in the lowest category is not a risk free investment.

Distribution Information

The policy is to distribute, on an annual basis, all available revenue, after deduction of those expenses which are chargeable in calculating the distribution. This being the case, there is no interim distribution.

Net Asset Values and Units in Issue

Class	Net Asset Value (£)	Units in Issue	Net Asset Value per Unit (p)
R-Class			
Distribution Units	308,401,374	591,955,151	52.10
Accumulation Units	58,144,950	98,023,326	59.32
F-Class			
Distribution Units	2,985	5,715	52.23
Accumulation Units	185,706	304,275	61.03
I-Class			
Distribution Units	431,845,421	828,297,648	52.14
Accumulation Units	313,963,160	493,912,937	63.57
C-Class			
Distribution Units	99,010,576	189,926,339	52.13
Accumulation Units	86,683,953	136,065,954	63.71

Past performance is not a guide to future performance.

The price of units and any income from them may go down as well as up.

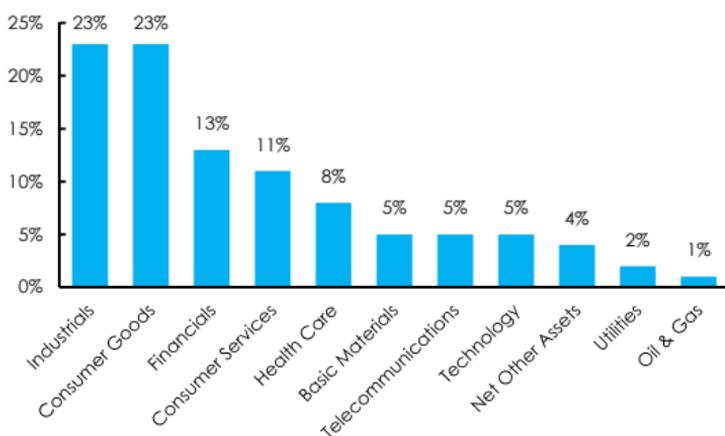
Exchange rate changes may cause the value of any overseas investments to rise or fall.

Portfolio Information

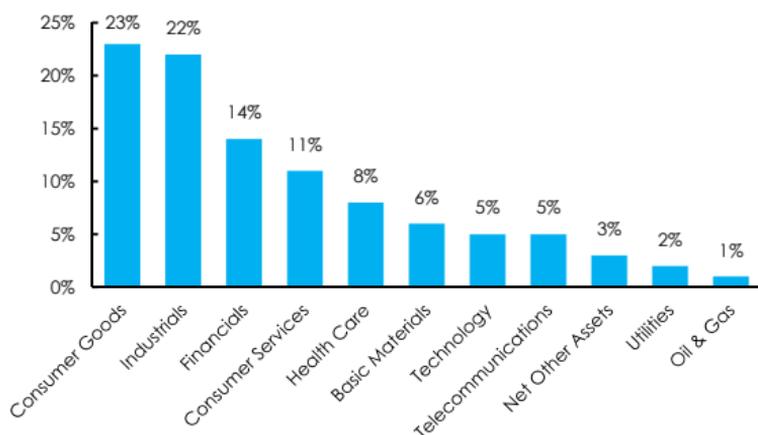
The top 10 holdings and their associated weighting at the current period end and preceding year end were:

Top 10 Holdings at 24 April 2019		Top 10 Holdings at 24 October 2018	
Holding	Percentage of Net Asset Value	Holding	Percentage of Net Asset Value
Toyota Motor	4.06%	Toyota Motor	3.97%
SoftBank Group	2.32%	Mitsubishi UFJ Financial	2.00%
Mitsubishi UFJ Financial	1.62%	Sony	1.87%
Sony	1.54%	SoftBank Group	1.86%
Keyence	1.54%	Sumitomo Mitsui Financial	1.36%
Takeda Pharmaceutical	1.48%	Honda Motor	1.27%
Honda Motor	1.27%	KDDI	1.24%
Sumitomo Mitsui Financial	1.25%	Keyence	1.16%
Mizuho Financial	1.03%	Mizuho Financial	1.15%
Central Japan Railway	1.03%	Mitsubishi	1.00%

Trust Holdings as at 24 April 2019



Trust Holdings as at 24 October 2018



Manager's Investment Report

During the period under review, the price of the Trust's R-Class distribution units fell by 1.70%. FTSE, the Index compiler, calculates the benchmark Index at the end of the business day using closing prices, whereas the Trust is valued using prevailing prices at 12 noon. Therefore, for tracking purposes the Trust has been revalued using closing prices and foreign exchange rates. On this basis, over the review period, the Trust fell by 1.49% on a capital only basis compared with the FTSE World Japan Index fall of 1.42% (Source: Bloomberg), producing a tracking difference of -0.07%.

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Market/Economic Review

The market fell sharply in December as concerns about the impact of higher interest rates on the economic prospects for 2019 and the political impasse between the Trump administration and Congress combined to unsettle investors. Lower corporation taxes, which came into effect early in 2018, have been a significant stimulus for both earnings and dividend growth although expectations for 2019 have been scaled back, reflecting headwinds from the US-China trade dispute and slower global economic growth. Real estate, technology and utilities outperformed the market, while energy, healthcare and financials were the weakest sectors. Japanese equities slipped amid poor export data and concerns that the faltering domestic economy may need further stimulus.

Over the review period, the Yen weakened, depreciating 0.4% against Sterling. For UK-based investors, the weakness of the Yen compounded the local equity performance resulting in a negative performance over the review period.

The best performing sectors were Electronic & Electrical Equipment (+14.69%), Personal Goods (+12.15%) and Industrial Engineering (+8.49%); the worst performing sectors were Oil & Gas Producers (-26.57%), Life Insurance (-22.20%) and Food & Drug Retailers (-15.03%).

Manager's Investment Report continued

Trust Review

Companies held within the Trust are held with weightings generally proportionate to those of the benchmark Index. Therefore, investment activity, other than to raise or invest cash, is only necessary when there are changes to the benchmark Index, or as a result of a corporate action.

The quarterly Index review in December 2018 resulted in one addition and no deletions. Softbank was the only addition due to its significant IPO. There were 47 changes to the free share capital of constituents with the largest increases being Takeda Pharmaceutical, SG and Suzuki Motor and the largest decreases being Tokio Marine, Astellas Pharmaceutical and NTT. The two-way Index turnover was 2.95%.

At the FTSE Japan annual Index review in March 2019, there were three additions and seven deletions. Goldwin, SHO-BOND and Fuji Seal International were the additions, whereas Jafco, Suruga Bank and Keiyo Bank were largest deletions from the Index. There were 52 changes to the free share capital of constituents with the largest increases being Pan Pacific International, Kyowa Exeo and Tokyu Fudosan and the largest decreases being NTT DoCoMo, Toyota Motor and Sumitomo Realty & Development. The two-way Index turnover was 0.83%.

Outside the Index reviews, there were several Index changes due to merger and acquisition (M&A) activities. In March 2019, Idemitsu Kosan acquired Showa Shell Sekiyu through a share transfer. The merger created an oil giant that is expected to improve efficiency in crude oil procurement, refining and distribution. NTT Urban Development was deleted following the cash tender offer by NTT in December 2018 that aimed to build up its strength in real estate business. Japan Post Insurance increased its free float as a result of secondary offering valued at more than GBP 2 billion in April 2019.

Outlook

The economic cycle is extending once again, in our view, thanks to a combination of more sustainable growth and benign inflation. Against this backdrop, the Federal Reserve has changed its policy stance and investors expect fewer rate hikes than in the beginning of the year. Moreover, China has provided a large stimulus package, which has increased our conviction that the Chinese economy will rebound in the months to come. This is bullish, in our view, as it gives space for markets to go back to more mid-cycle dynamics – where investors tend to buy equities on the dip, instead of selling the rallies.

Manager's Investment Report continued

Political risk remains a worry, given rising populism, income inequality and tensions between US and China as well as fractures in Europe.

The Trust remains well positioned to capture the market performance.

Legal & General Investment Management Limited
(Investment Adviser)
16 May 2019

Manager's Report and Accounts

Copies of the most recent Interim and Annual Long Form Manager's Reports are available free of charge by telephoning 0370 050 0955, by writing to the Manager or are available on the internet at www.legalandgeneral.com/investments/fund-information/managers-reports.

Call charges will vary. We may record and monitor calls.

Information on Tracking Error

The 'Tracking Error' of a Trust is the measure of the volatility of the differences between the return of the Trust and the return of the benchmark Index. It provides an indication of how closely the Trust is tracking the performance of the benchmark Index after considering things such as Trust charges and taxation.

Using monthly returns, over the review period, the annualised Tracking Error of the Trust is 0.10%, whilst over the last three years to the end of April 2019, the annualised Tracking Error of the Trust is 0.10%. These Tracking Errors are within the anticipated Tracking Error levels set out in the Trust's Prospectus of +/-0.50% per annum.

Minimum Investment Amounts

The minimum initial lump sum investment amounts for each class are as follows:

R-Class	£100
F-Class	£500
I-Class	1,000,000
C-Class	£100,000,000
L-Class	£100,000

In addition, monthly contributions can be made into the R-Class with a minimum amount of £20 per month and with a minimum amount of £50 per month into the F-Class.

Class F units are available to:

- i) investors who have received advice from authorised intermediaries, platforms or other distributors in relation to their investment in units in the Trust; and
- ii) distributors who the Manager reasonably considers will adequately bear the costs of marketing to and acquiring investors at no or limited cost to the Manager, and to whom the Manager has confirmed that such distributor or investor meets the criteria for investment in such units.

Class C units are available to certain eligible investors who meet the criteria for investment in such units as outlined in the share class policy of the Manager, which is available to investors in the C Class upon request. Where investors in the C Class no longer continue to meet the criteria for investment in such units, further investment in such units may not be permitted.

Class L units are only available to other Legal & General funds and/or companies which have entered into an agreement with the Manager or an affiliate of the Manager.

Other Information

The information in this report is designed to enable unitholders to understand how the Trust has performed during the year under review and how it is invested at the year end. Further information on the activities and performance of the Trust can be obtained by telephoning 0370 050 0955 or by writing to the Manager.

Call charges will vary. We may record and monitor calls.

Significant Change

New Unit Class: L-Class

With effect from 25 April 2019, L-Class units have launched within the Trust with accumulation units available.

Authorised Fund Manager

Legal & General (Unit Trust Managers) Limited

Registered in England and Wales No. 01009418

Registered office:

One Coleman Street,

London EC2R 5AA

Telephone: 0370 050 3350

Authorised and regulated by the Financial Conduct Authority

Call charges will vary. We may record and monitor calls.

Trustee

Northern Trust Global Services SE UK Branch

Trustee and Depositary Services

50 Bank Street,

Canary Wharf,

London E14 5NT

Authorised by the Prudential Regulation Authority and regulated

by the Financial Conduct Authority and the Prudential

Regulation Authority

Independent Auditors

KPMG LLP

15 Canada Square,

London E14 5GL

**Authorised and regulated by the
Financial Conduct Authority**

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